Winto Group (Holdings) Limited
惠陶集團（控股）有限公司

(Incorporated in Cayman Islands with limited liability)

(stock code: 8238)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Winto Group (Holdings) Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	**2014** *HK$*	2013 *HK$*
Turnover	4	**28,249,445**	28,076,113
Cost of sales		**(2,266,279)**	(1,850,312)
Gross profit		**25,983,166**	26,225,801
Other revenue	4	**10,264**	26,140
Operating expenses		**(12,240,245)**	(7,229,795)
Profit from operations		**13,753,185**	19,022,146
Finance costs	5(a)	**(3,696,821)**	(862,054)
Profit before taxation	5	**10,056,364**	18,160,092
Income tax	6	**(3,429,630)**	(3,587,266)
Profit for the year attributable to owners of the Company		**6,626,734**	14,572,826
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year attributable to owners of the Company		**6,626,734**	14,572,826
		HK cents	*HK cents*
Earnings per share			
Basic and diluted	8	**1.11**	2.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	**2014** *HK$*	2013 *HK$*
Non-current assets			
Plant and equipment		**38,509**	51,384
Current assets			
Due from a director		**—**	—
Trade and other receivables	10	**19,861,846**	22,194,168
Cash and cash equivalents		**26,557,464**	8,996,693
		46,419,310	31,190,861
Current liabilities			
Trade and other payables	11	**5,438,731**	2,378,883
Bank borrowings		**7,725,430**	10,017,805
Tax payable		**749,065**	2,044,342
Convertible bonds		**22,199,832**	4,768,597
		(36,113,058)	(19,209,627)
Net current assets		**10,306,252**	11,981,234
Total assets less current liabilities		**10,344,761**	12,032,618
Net assets		**10,344,761**	12,032,618
Capital and reserves			
Share capital		**10,000**	10,000
Reserve		**10,334,761**	12,022,618
Total equity attributable to owners of the Company		**10,344,761**	12,032,618

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital *HK$*	Convertible bonds reserve *HK$*	Retained profits *HK$*	Total equity *HK$*
At 1 January 2013	10,000	—	5,881,377	5,891,377
Issue of convertible bonds	—	484,415	—	484,415
Profit for the year and total comprehensive income for the year	—	—	14,572,826	14,572,826
Dividend paid *(note 7)*	—	—	(8,916,000)	(8,916,000)
At 31 December 2013 and 1 January 2014	**10,000**	**484,415**	**11,538,203**	**12,032,618**
Issue of convertible bonds	**—**	**755,409**	**—**	**755,409**
Profit for the year and total comprehensive income for the year	**—**	**—**	**6,626,734**	**6,626,734**
Dividend paid *(note 7)*	**—**	**—**	**(9,070,000)**	**(9,070,000)**
At 31 December 2014	**10,000**	**1,239,824**	**9,094,937**	**10,344,761**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1 GENERAL INFORMATION

Winto Group (Holdings) Limited ('the Company") was incorporated in the Cayman Islands on 7 December 2012 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (the "GEM Board") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 February 2015. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 4, 7th Floor, Nam Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong respectively.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly involved in sales and free distribution of Chinese lifestyle magazines and sales of advertising spaces in the magazines.

Pursuant to a group reorganisation (the "Reorganisation") as set out in note (2)(b) below, the Company became the holding company of companies now comprising the Group on 9 October 2013.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM Board of the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

Group Reorganisation

In the opinion of the directors of the Company, the ultimate holding company of the Company is Fuwin Group (Holdings) Limited ("Fuwin") which is incorporated in the British Virgin Islands (the "BVI") and is wholly-owned by Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam (the "Founders"), the ultimate controlling parties.

Prior to the incorporation of the Company, the business operation of accepting advertisements in the magazines and publishing and distribution of magazines were carried out by Ocean Media (Hong Kong) Limited ("Ocean Media") incorporated in Hong Kong on 28 June 2007, which was wholly owned and controlled by the Founders.

In order to rationalize the current structure of the Group, the following principal steps were undertaken to transfer the interests in Ocean Media formerly owned by the Founders to the Company:

i) Winsing Group (Holdings) Limited ("Winsing") was incorporated in the BVI with limited liability on 14 November 2012;

ii) On 2 October 2013, Winsing acquired 100% interest in Ocean Media from the Founders in a consideration that Winsing allotted and issued, credited as fully paid, 10 Winsing shares to Fuwin. Upon completion, the Founders through Fuwin became the beneficial owners of the entire issued share capital of Winsing;

iii) On 9 October 2013, the Company as the purchaser and Fuwin as the vendor entered into an agreement whereby the Company acquired the entire issued share of Winsing from Fuwin in consideration that the Company allotted and issued, credited as fully paid, 999,999 Company's shares to Fuwin on 18 October 2013. Upon completion, the Company became the holding company of a group comprising a direct subsidiary, Winsing and an indirect subsidiary, Ocean Media; and

iv) The Company, Winsing and Ocean Media are hereinafter collectively referred to as the "Group".

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group on 9 October 2013. The companies now comprising the Group were under the common control of the Founders before and after the Reorganisation. Accordingly, the consolidated financial statements has been prepared by applying the principles of merger accounting, as if the Company had always been the holding company of the Group.

The principal operations of the Company are conducted in Hong Kong. The financial statements are presented in Hong Kong dollars ("HK$"), which is the functional and presentation currency of the Company.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 December 2014, the Group has adopted following HKFRSs which are effective for the financial year beginning on 1 January 2014.

— Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), Investment Entities

— Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

— Amendment to HKAS 36, Recoverable Amount Disclosures of Non-Financial Assets

— Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting

— HK(IFRIC) — Int 21, Levies

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These new standards are:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 (that is, the Group's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

4. TURNOVER AND OTHER REVENUE

The principal activities of the Group are sales and free distribution of Chinese lifestyle magazines and the sales of advertising space in the magazines.

Turnover represents the advertising income and the sale value of magazines supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	HK$	*HK$*
Turnover		
Advertising income	**27,866,052**	27,589,191
Sales of magazines	**383,393**	486,922
	28,249,445	28,076,113
Other revenue		
Sundry income	**10,253**	26,139
Interest income on financial assets not at fair value through profit or loss — bank interest income	**11**	1
	10,264	26,140
	28,259,709	28,102,253

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Finance costs

	2014	2013
	HK$	*HK$*
Interest on bank overdraft	**33,584**	17,745
Interest on bank borrowings wholly repayable within five years	**476,593**	591,297
Interest on convertible bonds	**3,186,644**	253,012
Total interest expense on financial liabilities not at fair value through profit or loss	**3,696,821**	862,054

b) Staff costs (including directors' emoluments)

	2014	2013
	HK$	*HK$*
Salaries, wages and other benefits	**2,648,431**	2,453,695
Contributions to defined contribution retirement plan	**89,721**	79,054
	2,738,152	2,532,749

c) **Other items**

	2014	2013
	HK$	*HK$*
Depreciation	**21,575**	24,214
Auditor's remuneration	**240,000**	240,000
Operating lease charge in respect of premises	**240,000**	193,000
Cost of inventory	**2,137,266**	1,684,920
Listing expenses	**7,526,169**	3,345,761

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax recognised in profit or loss:

	2014	2013
	HK$	*HK$*
Hong Kong Profits Tax		
Current tax	**3,429,630**	3,587,266

i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

ii) Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2013–14 subject to a maximum reduction of $10,000 for each business (2013: the same statutory concession was granted for the year of assessment 2012–13 and was taken into account in calculating the provision for 2013).

iii) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these countries.

iv) The Group had no significant unprovided deferred tax liability for both years.

7. DIVIDENDS

Details of dividends attributable to each of the financial year are as follows:

	2014	2013
	HK$	*HK$*
Interim dividends of HK$9.07 (2013: HK$8.916) per share declared and paid	**9,070,000**	8,916,000

Dividends during the years ended 31 December 2014 and 2013 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies, after elimination of intra-group dividends.

The directors consider that the dividend payments made during the year are not indicative of the future dividend policy of the Group.

The Company declared an interim dividend of HK$4,000,000 to its shareholders for the year ending 31 December 2015 on 21 January 2015 and paid HK$950,000 and HK$3,050,000 on 21 January 2015 and 22 January 2015 respectively as an interim dividend for the year ending 31 December 2015.

8. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended 31 December 2014 and 2013 is calculated based on the profit attributable to owners of the Company for the year ended 31 December 2014 in the amount of HK$6,626,734 (2013: HK$14,572,826) and the weighted average of 599,500,000 ordinary shares (2013: 598,705,480) in issue during the year, calculated as follows:

	2014	2013
Issued ordinary shares at 1 January	**1,000,000**	1
Effect of shares issue on 18 October 2013	**—**	205,479
Effect of Capitalisation issue *(note a)*	**598,500,000**	598,500,000
Weighted average number of ordinary shares	**599,500,000**	598,705,480

a) For the year ended 31 December 2014 and 2013, the weighted average number of ordinary shares has been adjusted to reflect the effect of capitalization issue completed on 29 January 2015.

b) Diluted earnings per share for the years ended 31 December 2014 and 2013 were same as the basic earnings per share because there is anti-dilutive effect as if the conversion of all potential ordinary shares arising from convertible bonds.

9. SEGMENT REPORTING

The Group's revenue is substantially derived from a single business operation of accepting advertisements in the magazines and publishing and distribution of magazines. The sales and free distribution of Chinese lifestyle magazines and the sales of advertising space in the magazines as a whole is reviewed by the executive directors of the Company (the chief operating decision maker) for the purposes of assessment of performance and resource allocation. Accordingly, this business as a whole constitutes one operating segment for the purpose of segment information presentation under HKFRS 8.

The Group considered that there is only one reportable operating segment with the segment revenue, segment results, segment assets and segment liabilities the same as the revenue, profit for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

a) Major customers

	2014 ***HK$***	2013 *HK$*
Customer 1	**5,370,000**	5,275,000
Customer 2	**6,450,000**	6,350,000
Customer 3	**4,469,000**	4,893,000

Revenues from each of the above customers accounted for 10 percent or more of the Group's turnover for the years ended 31 December 2014 and 2013.

b) Revenue from major products and services

No analysis of the Group's major products and services has been presented as all revenue of the Group is from accepting advertisements in the magazines and publishing and distribution of magazines.

c) Geographical information

No analysis of the Group's revenue from external customers and non-current assets by geographical location has been presented as the Group's operating activities are carried out in Hong Kong.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$	*HK$*
Trade receivables		
— For services already invoiced	**17,068,632**	21,578,280
Advertising income receivables not yet invoiced	**1,946,560**	512,528
Loans and receivables	**19,015,192**	22,090,808
Deposits and prepayment	**99,303**	74,256
Deferred professional service fees in respect of share placing	**747,351**	29,104
	19,861,846	22,194,168

The aging analysis of trade receivables based on overdue days is as follows:

	2014	2013
	HK$	*HK$*
For services invoiced		
Current	**15,085,000**	16,728,272
1–30 days	**1,223,512**	2,381,657
31–90 days	**673,720**	1,587,231
Over 90 days	**86,400**	881,120
	17,068,632	21,578,280

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$	*HK$*
Trade payables	**1,032,601**	851,163
Other payables and accrued expenses	**4,406,130**	1,527,720
Financial liabilities measured at amortised costs	**5,438,731**	2,378,883

The ageing analysis of trade payables presented based on invoice date is as follows:

	2014	2013
	HK$	*HK$*
0–60 days	**382,921**	416,463
61–90 days	**149,300**	144,000
91–180 days	**468,080**	290,700
Over 180 days	**32,300**	—
	1,032,601	851,163

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Group recorded total turnover of approximately HK$28,249,000 for the year ended 31 December 2014, representing an increase of approximately 0.6% or HK$173,000 from approximately HK$28,076,000 for the year ended 31 December 2013. The total gross profit of the Group was approximately HK$25,983,000 for the year ended 31 December 2014, representing an decrease of approximately 0.9% as compared to the same period of last year. The gross profit margin decreased to approximately 92.0% in the year ended 31 December 2014. The net profit of the Group for the year ended 31 December 2014 decreased by approximately 54.5% to approximately HK$6,627,000, and the net profit margin of the Group decreased from 51.9% for the year ended 31 December 2013 to 23.5% for the year ended 31 December 2014.

Earnings per share of the Group for the year ended 31 December 2014 was HK$1.11 cents.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

Business Review

Winto Group (Holdings) Limited is a magazine publishing group that is principally engaged in the sales and free distribution of a wide range of Chinese language lifestyle magazines in Hong Kong. The Group owns and publishes six magazines, including Motoz Trader, Motoz Trader (Free), Motoz Xpress/Shopping Monthly (a 2-in-1 dual cover magazine), Motoz Xpress/Shopping Monthly (Free) (a 2-in-1 dual cover magazine), Pets Buyer and Bplus. The magazines of the Group cover readership of different market segments and age groups by focusing on different areas of interests in lifestyle, including automotive, pets, beauty and fashion, property, dining and electronic products.

Profile of the magazines of the Group:

- Motoz Trader is a fortnightly magazine that focuses on new car models, second-hand car market and properties while also provides lifestyle information including dinning, fashion and beauty.
- Motoz Xpress/Shopping Monthly is a 2-in-1 monthly magazine that mainly focuses on new car models and second-hand car market in Hong Kong. It also covers car installment and parts, as well as a consumer guide of updated information on consumer products.
- Pets Buyer is a bi-monthly magazine that focuses on pets related information such as pet caring tips and knowledge.
- Bplus is a quarterly magazine that focuses on cosmetic and fashion related contents and most current beauty topics.
- Motoz Trader (Free) is a free fortnighty magazine that is extracted from Motoz Trader.
- Motoz Xpress/Shopping Monthly (Free) is a free monthly magazine extracted from Motoz Xpress/Shopping Monthly.

During the year under review, the Group continued the sales and free distribution of its magazines. In addition, the Group has been actively expanding its advertising customers and distribution network with an aim to steadily increase its income.

Advertising Business

The economic growth of Hong Kong decreased to 2.3% in 2014 amid sluggish global recovery. In addition, it maintained moderate year-on-year growth for each of the four quarters. The advertising industry is always a barometer for the economy. Nevertheless, the Group maintained steady development for its advertising business by effective distribution network for capturing target readers, effective cost control and dynamic and experienced management team. For the year ended 31 December 2014, the income of the advertising business of the Group amounted to approximately HK$27,866,000, representing an increase of approximately 1.0% as compared to last year.

The main source of revenue of the Group was derived from the sales of advertising spaces in its magazines. Through its on-going business development, the Group has developed a diversified portfolio of advertising customers that covered the industries of motor dealers, car beauty, pet shops, jewels, watches, property agency, beauty, professional firm and education, despite its operating history of merely around 5 years.

During the year under review, the major source of revenue of the Group was the sales of advertising spaces in Motoz Trader and Motoz Trader (Free). Motoz Trader and Motoz Trader (Free) mainly focus on new car models, second-hand car market and properties while providing lifestyle information including dinning, fashion and beauty. As a result, some of the advertising customers with higher profitability, including those from the sectors of beauty, education and property agency, were solicited in addition to those related to automobiles.

The Group possesses outstanding sales and marketing staff who sell advertising spaces directly to customers. In addition, it adopts diversified strategies for expanding its networks of sales and marketing. As the advertising selling strategy of the Group focuses on the distribution network of magazines, it is dedicated to expand its network of free reading sites for increasing the exposure of its magazines to readers. With the on-going expansion of distribution network and a wider range of magazines for distribution, we have launched advertising packages for catering the marketing needs of customers, in order to expand our advertising customer base and increase the attractiveness to our target advertising customers.

Sales of Magazines and Distribution of Free Magazines

The paid version of the Group's magazines are mainly for sale at convenience stores, newsstands and book stores in Hong Kong. For the year ended 31 December 2014, the income from sales of magazines of the Group amounted to approximately HK$383,000, representing an decrease of approximately 21.3% as compared to last year.

The Group extracted content from some of the paid versions of its magazines, namely Motoz Trader and Motoz Xpress/Shopping Monthly, and published as free versions at various despatching points in Hong Kong for free pick up by the public or for free reading at respective locations, with the objective to increase the sales of its advertisements and the paid versions of its magazines. Free distribution can increase the readers of magazines, and the widened exposure can attract more existing and potential advertising customers, such that the Group's advertising business can be increased.

In January 2014, foot massage shops and salons were included in the distribution networks of Motoz Xpress/Shopping Monthly (Free) and Pets Buyer. In addition, we select despatching points for capturing our target reader groups. For example, we distributed Pets Buyer to animal clinics in Hong Kong for free reading by customers and distributed Bplus to beauty salons. Currently, the Group has over 1,000 despatching and free distribution points, throughout Hong Kong, including petrol filling stations, car parking lots, property agencies, foot massage shops, cafes, hair product companies and club houses. Readers can get the most updated information on automobiles, dinning, beauty and properties whilst filling petrol, taking breaks or having lunch.

In order to attract potential business partners and acquire new advertising customers, the Group regularly participates in exhibitions with the objective to enhance its corporate image. In December 2014, the Group exhibited its magazines at two booths in the Hong Kong Car Show (New Edition) 2014 and 12th Hong Kong Mega Showcase for expanding the exposure of its magazines.

Prospects

2015 marked a milestone for the Group as it was successfully listed on GEM of the Stock Exchange on 16 February 2015. We are very pleased that the Company has received keen interest to the placing of its shares. Through the listing, the Group acquired financing resources for pursuing development and further capturing the opportunities in the magazine market of Hong Kong.

The Group is dedicated to provide the latest, fullest and quickest information to its readers. It is also planning to publish several new magazines in travelling, second-hand commercial vehicles (such as trucks and vans), yachts and dinning. By doing so, the Group will have more extensive range of lifestyle magazines to attract existing and potential advertising customers to purchase advertising package. We will expand our editing and design teams in coping with the increased editing and design workload for publishing our new magazines.

With the emergence of the internet and new media, the related advertising market developed rapidly across the world since 2013. According to the Competitive Analysis issued by Ipsos, the on-going demand for physical version of magazine publications are still substantial and will not be replaced by online versions in the near future. As a result, we still have strong confidence in the future development of advertising business for magazines. We will continue to expand the distribution network of our magazines and plan to place advertisements in electronic media for increasing our marketing activities and the public awareness of the Group, in order to increase the Group's income such that we can share our fruitful results with investors.

Financial Review

Turnover

Total revenue increased by approximately 0.6% from HK$28,076,000 for the year ended 31 December 2013 to approximately HK$28,249,000 for the year ended 31 December 2014, primarily because an increment of advertising income posted by new advertising package customers. Revenue from advertising income increased from approximately HK$27,589,000 for the year ended 31 December 2013 to approximately HK$27,866,000 for the year ended 31 December 2014 and revenue from sales of the magazines decreased from HK$487,000 for the year ended 31 December 2013 to HK$383,000 for the year ended 31 December 2014.

Cost of Sales

The Group's major costs of sales is the printing costs which included the fees payable to the printers for provision of printing services (supply of paper, ink, etc. for the printing of the Magazines inclusive). Cost of sales increased from approximately HK$1,850,000 last year to approximately HK$2,266,000 for the year ended 31 December 2014, representing an increase of approximately

HK$22.5%. The increase in cost of sales was mainly attributable to the increasing printing copies of Motoz Trader (Free) and Motoz Xpress/Shopping Monthly (Free) that driven by a wider distribution networks.

Gross Profit and Gross Profit Margin

The gross profits and gross profit margin of the Group were approximately HK$25,983,000 and 92.0% for the year ended 31 December 2014 respectively.

Other Revenue

There was other revenue of approximately HK$10,000 for the year ended 31 December 2014 while other revenue of approximately HK$26,000 was made last year. The decrease was mainly due to decrease in income from disposal of scrap papers.

Operating Expenses

The operating expenses of the Group increased by approximately 69.3% from approximately HK$7,230,000 for the year ended 31 December 2013 to approximately HK$12,240,000 for the year ended 31 December 2014. The increase in the operating expenses was primarily due to increase in delivery charges and more professional fees for the Listing.

Finance Costs

During the year, finance costs of the Group amounted to approximately HK$3,697,000 for the year ended 31 December 2014 (2013: approximately HK$862,000). The increase in finance costs was mainly due to the incur of interest on the convertible bonds during the year.

Income Tax

Income tax for the Group decreased by approximately 4.4% from approximately HK$3,587,000 for the year ended 31 December 2013 to approximately HK$3,430,000 for the year ended 31 December 2014. The decrease was mainly due to the decrease in profit before taxation of the Group during the year.

Profit Attributable to Owners of the Company

During the year ended 31 December 2014, the Group's profit attributable to owners of the Company decreased to approximately HK$6,627,000 from approximately HK$14,573,000, representing a decrease of approximately 54.5%. The decrease was mainly attributable to an increase in delivery charges and listing expenses as well as the newly incurred imputed interest in relation to convertible bonds mentioned above.

Liquidity, Financial Resources and Capital Structure

The Group's shares were successfully listed on GEM on 16 February 2015. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

	As at 31 December	
	2014	2013
	HK$	*HK$*
Current assets	**46,419,310**	31,190,861
Current liabilities	**36,113,058**	19,209,627
Current ratio	**1.3**	1.6

The current ratio of the Group at 31 December 2014 was 1.3 times as compared to that of 1.6 times at 31 December 2013. It was mainly resulted from an increase in convertible bonds during the year.

At 31 December 2014, the Group had total bank balances and cash of approximately HK$26,557,000 (2013: approximately HK$8,997,000).

As at 31 December 2014 and 2013, the Group had bank borrowings of approximately HK$7,725,000 and HK$10,018,000 respectively. The scheduled repayment date of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2014	2013
	HK$	*HK$*
Within 1 year	**4,295,413**	6,615,658
Between 1 and 2 years	**3,016,665**	1,974,710
Between 2 and 5 years	**413,352**	1,427,437

As at 31 December 2014, the Group had convertible bonds with principal amount of approximately HK$20 million. Subsequent to the year under review, a banking facility with total facility amount of approximately HK$5.7 million was signed from the Group's major bank to a wholly-owned subsidiary. The HK$6,000,000 guarantee by the Group in respect of the obligations and liabilities of a wholly-owned subsidiary has been executed.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 289.3% as at 31 December 2014 (2013: approximately 122.9%).

Trade Receivables Turnover Days

The trade receivables and trade receivables turnover days drop from approximately HK$22,091,000 and 287 days for the year ended 31 December 2013 to approximately HK$19,015,000 and 246 days for the year ended 31 December 2014 respectively. Save as expressed in the prospectus of the Group dated 30 January 2015 (the "Prospectus"), in order to improve trade receivables turnover and reduce the amount of trade receivables, the Group started adopting progress billing for all new advertising package customers since May 2013. The total advertising fees under the respective advertising packages will be paid by instalments on dates specified in the relevant contract or within one month from the date of issue of monthly invoice or one month from the date of publication of relevant magazine. All outstanding trade receivable balances are being reviewed by the Group's sales and marketing department on a monthly basis to ensure that any overdue receivable is promptly monitored and appropriate collection actions are taken.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Significant Investments Held

During the year ended 31 December 2014, there was no significant investment held by the Group.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus of the Group dated 30 January 2015, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

Pledge of Assets

As at 31 December 2014, the Group has no assets pledged for bank borrowings or for other purpose (2013: Nil).

Contingent Liabilities

As at 31 December 2014, the Group is subject to maximum penalty and fines of HK$854,000 in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines (2013: HK$854,000).

Capital Commitments

As at 31 December 2014, the Group did not have any significant capital commitments.

Foreign Currency Risk

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, the Group's exposure to exchange rate risk is limited.

Information on Employees

As at 31 December 2014, the employee headcount of the Group was 10 (2013: 9) and the total staff costs, including Directors' emoluments, amounted to approximately HK$2.7 million (2013: approximately HK$2.5 million). The Group offers competitive remuneration packages commensurate with industry practice. In order to attract and retain valuable employees, the Group reviews the performance of its employees annually and such review results will be taken into account while having the annual salary review and promotion appraisal. In addition to a basic salary, bonuses would be paid to staff with reference to the financial performance of the Group. The Group would also provide trainings or seminars that relating to publication business and offer options that may be granted to the employees under the share option scheme. The Group pays commission to its sales and marketing staff which was calculated based on an agreed percentage of sharing specified in their respective contracts in accordance of the total monthly sales solicited by such staff which is arrived at mutual agreement between the Company and the respective staff.

Risk Management

Credit risk

Credit risk exposure represents trade receivable from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and fair value interest rate risk on fixed rate borrowings. The Directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Use of Proceeds from the Placing

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 16 February 2015 through a placement of 180,000,000 ordinary shares of HK$0.01 each in the share capital of the Group at the price of HK$0.37 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK$28.9 million.

The future operation plan of the Group were as follows:

- approximately HK$4.3 million for enhancing public awareness to the Group's magazines;
- approximately HK$7.4 million for publishing new magazines;
- approximately HK$14.9 million for enhancing corporate image and strengthening marketing activities; and
- approximately HK$2.3 million for working capital.

Comparison of Business Objectives and Actual Business Progress

As the Listing Date was subsequent to 31 December 2014, the Group has yet to implement its business strategies as set out in the Prospectus during the year ended 31 December 2014. The Group will endeavour to achieve the milestone events as stated in the Prospectus in the next two financial years.

CORPORATE GOVERNANCE PRACTICES

The Directors of the Company consider that since the listing of the shares of the Company on the GEM of the Stock Exchange on 16 February 2015 (the "Listing Date"), the Company has complied with the Corporate Governance Code (the "Code") from the Listing Date up to the date of this report, except for Code Provision A.2.1.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kwan Shun Keung Timmy ("Mr. Kwan") is the Chairman and the chief executive officer of the Company. In view of Mr. Kwan is one of the co-founders of the Group and has been operating and managing our Group since 2009, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the Code provision A.2.1 is appropriate in such circumstance.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2014, save as disclosed in the Prospectus, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 23 January 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control procedures of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene and Mr. Yu Chon Man. Mr. Lee Kwok Tung Louis is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2014.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (http://www.hkgem.com) and the Company (http://oceanmediahk.com). The annual report of the Company for the year ended 31 December 2014 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By order of the Board
Winto Group (Holdings) Limited
Kwan Shun Keung Timmy
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the Board comprises Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam as executive directors; Mr. Tsang Hin Man Terence as non-executive director; and Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene and Mr. Yu Chon Man as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and be posted and remains on the website of the Company at http://oceanmediahk.com.